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22 July 1959

MEMORANDUM FOR: Chief, Intelligence Requirements Staff, OER
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ATTENTION: [REDACTED] St/I/R

THROUGH: Chief, Industrial Division, OIR

FROM: Chief, Military Economics Branch, D/I

SUBJECT: Contributions to Periodic Requirements List

1. The questions below are intended for the economic section pertaining to the USSR. Question 2, however, is equally applicable to the economic section pertaining to the Bloc. To be so used, insertion of "Soviet Bloc" for "USSR" in the first sentence is the only change required.

1. Research and Development (Secret)

Sharp increase in the explicit expenditures for Soviet research and development in 1958 were announced by Minister of Finance Zverev in his budget address of December 1958: some 23 billion rubles as opposed to a planned expenditure of 18 billion rubles. It is thought that this increase of 5 billion rubles is not merely a result of overexpenditure but at least in part reflects a change in the scope of the announced expenditures.

Can this belief be substantiated and, if so, specifically what is the change in scope?

2. Military Trade (Official Use Only)

For several years the USSR has been entering into transactions with underdeveloped nations for arms. Given the political,, military and/or economic advantages that might result from these transactions, information as to any new agreements is requested.

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The extent (in monetary terms) of these transactions, the terms of the agreements, and the equipment included are all of interest.

3. Military Expenditures (Secret)

The announced budgets of the Soviet Ministry of Defense are not consistent with other information on the extent of Soviet military activities. For several years these budgetary allocations have been relatively stable, actually declining slightly.

Which activities of the Soviet military establishment are financed by the announced budget of the Ministry of Defense? Are other funds available for military activity? What is their source?

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